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U.S. House of Representatives  
Committee on Financial Services  
2129 Rayburn House Office Building  
Washington, DC 20515

May 11, 2006

BARNEY FRANK, MA, RANKING MEMBER

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The President  
The White House  
Washington, DC 20500

Dear Mr. President:

We are writing with great concern about the offensive, potentially illegal and incredible comments of U.S. Housing and Urban Development (HUD) Secretary Alphonso Jackson. In short, Mr. President, we call on you to repudiate Mr. Jackson's comments.

A HUD spokesperson is now telling reporters that the Secretary's comments in Dallas were "anecdotal" and meant to demonstrate how Washington works. It doesn't matter if his comments were anecdotal, (which as a matter of semantics, doesn't mean untrue), whether the story is true or untrue the incident is deeply disturbing to us. In yesterday's *Chicago Sun-Times*: "A spokeswoman acknowledged that Jackson told the story. But, she said, the story was untrue. 'The secretary's story was anecdotal. He is not part of the contracting process,' said HUD spokeswoman Dustee Tucker. 'He was trying to explain to this group how politics works in D.C.'" While we are relieved to read Secretary Jackson is not involved in the contracting process, the whole story is disturbing on its face.

As you are well aware, Mr. President, this is not how Washington works, nor is it the way your administration should work. If it does, it is illegal, pure and simple. Such comments degrade all of us who are in public service, and tells the American people that politics plays a role in the federal contracting and grant process, which is outrageous.

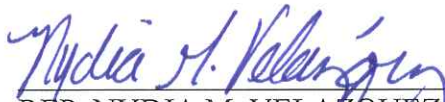
HUD is an important agency, and we are concerned about the possible broader policy implications of the annual HUD affordable housing funds that are either awarded by competitive grants or are provided to public agencies and non-profits for which HUD regulates such expenditures. As you know, HUD provides billions of dollars of appropriated funds each year under competitive grants for a range of housing programs. These include the Section 202 elderly housing program, the Section 811 disabled housing program, Rural Housing and Economic Development Grants, McKinney/Vento homeless prevention grants, and Fair Housing funding.

Mr. President, we call on you to issue a public statement of repudiation for the unfortunate comments of Secretary Jackson.

Sincerely,

  
REP. BARNEY FRANK

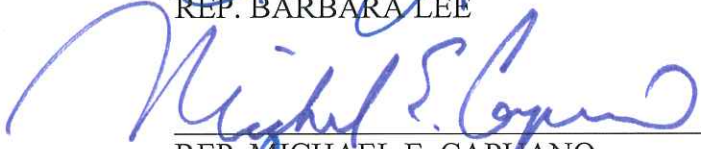
  
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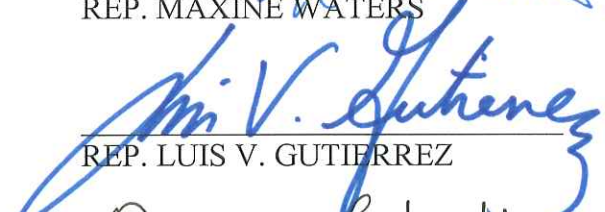
  
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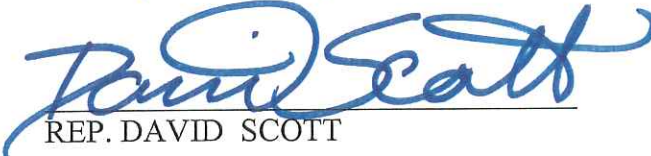
  
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REP. AL GREEN

Enclosures



# CHICAGO SUN-TIMES

[www.suntimes.com](http://www.suntimes.com)

## HUD says secretary's political contracting tale untrue

May 10, 2006

BY STEPHEN OHLEMACHER

WASHINGTON -- Housing and Urban Development Secretary Alphonso Jackson reportedly told a business group in Dallas that he rejected a government contract with a businessman because the man told him he didn't like President Bush.

A spokeswoman acknowledged that Jackson told the story. But, she said, the story was untrue.

"The secretary's story was anecdotal. He is not part of the contracting process," said HUD spokeswoman Dustee Tucker. "He was trying to explain to this group how politics works in D.C."

### 'That's the way I believe'

Jackson, speaking at an April 28 forum sponsored by the Real Estate Executive Council, told about a minority contractor who had finally landed an advertising contract with HUD after trying for 10 years, according to an article in the Dallas Business Journal.

"He came to see me and thank me for selecting him. Then he said something ... he said, 'I have a problem with your president,'" Jackson told the group, according to the newspaper.

"I said, 'What do you mean?' He said, 'I don't like President Bush.'" Jackson told the group, which promotes business opportunities for minorities in real estate.

"He didn't get the contract," Jackson said. "Why should I reward someone who doesn't like the president, so they can use funds to try to campaign against the president? Logic says they don't get the contract. That's the way I believe."

The remarks, posted on the newspaper's Web site Monday, sparked calls for an investigation among Democrats.

Sen. Frank Lautenberg said Bush should ask for Jackson's resignation, if the comments were accurately reported.

"In addition to being illegal under federal contracting law, political litmus tests in the awarding of government contracts undermines the integrity of our government and leads to a waste of taxpayer dollars," Lautenberg said in a letter to Bush.

Tucker said Jackson does not plan to resign. She acknowledged that he did not tell the audience the story was made up. But, she said, Jackson used the "hypothetical" story to describe the ruthless politics of Washington. She said Jackson was trying to convey that Washington is a place where political opponents, rather than stabbing you in the back, "will stab you in the chest."

# Dallas Business Journal

## HUD secretary's blunt warning

Alphonso Jackson says deal was scuttled after contractor admits not liking Bush

Dallas Business Journal - May 5, 2006

by [Christine Perez](#)

Staff Writer

Once the color barrier has been broken, minority contractors seeking government work may need to overcome the Bush barrier.

That's the message [U.S. Housing and Urban Development](#) Secretary Alphonso Jackson seemed to send during an April 28 talk in Dallas.

Jackson, a former president and CEO of the [Dallas Housing Authority](#), was among the featured speakers at a forum sponsored by the Real Estate Executive Council, a national minority real estate consortium.

After discussing the huge strides the agency has made in doing business with minority-owned companies, Jackson closed with a cautionary tale, relaying a conversation he had with a prospective advertising contractor.

"He had made every effort to get a contract with HUD for 10 years," Jackson said of the prospective contractor. "He made a heck of a proposal and was on the (General Services Administration) list, so we selected him. He came to see me and thank me for selecting him. Then he said something ... he said, 'I have a problem with your president.'"

"I said, 'What do you mean?' He said, 'I don't like President Bush.' I thought to myself, 'Brother, you have a disconnect -- the president is elected, I was selected. You wouldn't be getting the contract unless I was sitting here. If you have a problem with the president, don't tell the secretary.'"

"He didn't get the contract," Jackson continued. "Why should I reward someone who doesn't like the president, so they can use funds to try to campaign against the president? Logic says they don't get the contract. That's the way I believe."

Cal Jillson, a political science professor at Southern Methodist University, said canceling a government contract due to political views "is not a door you want to open."

"Whether or not it's legal, it certainly draws your judgment and the judgment of your office into question," Jillson said. "It's just not the tone you want to set."

Told of Jackson's comments, Mary Scott Nabers, a government-contracting consultant in Austin, had a briefer initial reaction. "Oh, my goodness gracious," she said.

Dustee Tucker, a spokeswoman for Jackson's office, said the value of the advertising contract, which was to be placed with a minority publication, could not be provided.

"Because it was not awarded per what the Secretary said, we don't have any record of it," she said. "It was probably all verbal at that point."

Jillson called the exchange between Jackson and the prospective contractor "idiocy" on both sides.

"Jackson is right; what possessed the contractor to criticize the president in a business setting? But what possessed Jackson to say he's not going to complete the business transaction?" Jillson said. "You'd just like to take both of these guys and shake them by their collars. There's no reason to have high expectations of the contractor, but you do hope senior public officials are grounded, thoughtful people, and Jackson didn't give good evidence of that."

Rod Bailey with The [Staubach Co.](#), who put the REEC event together, said Jackson was simply telling it like it is.

"It's politics at its finest," he said. "If you talk to other government officials, they would have similar stories. The same thing holds true in business. If you don't like Roger Staubach, you're not going to work at The Staubach Co. Leaders are the roots of their organizations. If you want to be a part of them and profit from them, you have to be on the same mission."

#### **Merit vs. politics**

Most of the time, politics don't come into play with government contracts, said Nabers, who heads [Strategic Partnership Inc.](#), an Austin-based consulting group that advises companies on doing business with public agencies.

"Politics should never be involved in the procurement process," she said. "That's not to say that sometimes they don't, but, especially at the federal and state level, the procedures are so scrutinized. Politicians run from things like that -- it's too dangerous."

Nabers said government contracts are awarded based on merit -- which vendor can provide the best value at the best price. Contractors who think decisions weren't based on merit can file a protest and ask for evaluations to see why they didn't win.

REEC attendee Junior Glymph, a defensive end for the Dallas Cowboys, said he could see Jackson's point.

"Everyone is entitled to their opinion," he said. "But in politics, you have to watch what you say."



## **HUD made strides**

Opportunities for minority commercial real estate executives are plentiful within the U.S. government, Jackson told the April 28 gathering.

"Whether it's HUD or another agency, the opportunities are there," he said. "The most amazing thing I've ever seen is the amount of contracts we hand out every day. Just one contract can make you wealthy."

Under Jackson's leadership, HUD has gone from close to the bottom to first among the larger agencies doing business with minority-owned companies.

In 2005, 16% of HUD contracts, or about \$167 million worth of work, went to black-owned businesses. Hispanic-owned businesses received 7%, or \$71 million. That combined 23% is up from 6% in 2000, the year before Jackson was named deputy secretary of the agency.

Despite getting just 8% and 11% of the African-American vote nationally in his two presidential wins, Jackson said President Bush is committed to creating prosperity for minority business owners.

"President Bush and I will work with you to move you toward more prosperity," he said. "He wants this agency and other agencies to reflect this country."